



# IMPACT OF SPECIAL ECONOMIC ZONES – A CRITICAL REVIEW OF RECENT LITERATURE

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## ABSTRACT

The necessity of speedy economic developments has made way to the setting up of SEZs in different countries, especially the developing countries. The high growth sectors often push the development related activities to the brink. Thereby resulting in the uneven growth the different aspects related to the geographical area under consideration. Besides, the maturity of local administration and the planning authorities also affects the overall socio-economic and industrial development of the region. In view of this, it is very important the knowledge pertaining to the same be reviewed periodically so that the effectiveness of the new policies can be improved. Hence, an attempt has been made in this study to critically evaluate the recently published literature. For this purpose, only the literature published in reputed journals was used. The process of review was carried out by following general principles of content analysis. The review clearly highlighted the need to conduct focused studies vis-à-vis development of the SEZs. Besides, such studies are necessary to make sure that the industrial activities in the SEZs remain sustainable.

**KEYWORDS:** Economic development, SEZs, planning, industrial activities.

## 1.0 Introduction

It is vital for emerging economies like India to realize their aspirations, especially with respect to the Industrialization and economic development. The recent changes in the government's policies have opened up the industrial sector for vigorous growth and for that Special Economic Zones (SEZs) have been sanctioned in different parts of the country. The main Advantages of SEZ Units in developing world like India can be summarized as promotion of industrialization and economic growth through sustainable development. For example, the main policy statement of the first Special Economic Zone policy statement states that these SEZ units of India shall be offered tax rebates, fiscal incentives and lands at subsidized rates and these are the primary Advantages of SEZ Units in India. The implementation of the first drafted SEZ policy took place from the end of the year 2000.

The SEZs are very important as they address the government's concerns like employment generation, skill formation (human capital development), and technology and knowledge upgradation. Although the broader goals of the SEZs are similar, the local geographical as well as cultural aspects affect the implementation as well as operations of the different procedures related to SEZs. In view of this; it is necessary that the impact of these SEZs on the physical environment as well as human development should be studied in detail. However, with it come the numerous challenges that are related sustainable development. Besides, before operationalization of the industries, it is necessary that adequate and proper infrastructure is in place. Hence, this study was carried out to review the body of literature related to various issues encompassing the SEZs.

## 2.0 Methodology

In the present study, the literature related to the topic was reviewed to understand the various aspects related to SEZs. carried out to identify the previous research efforts and directions related to our focal area i.e. impact of the large scale industrial hub development (in the vicinity of a City) on the socio-economic, land use regarding and related changes. The primary objective of this literature review was to identify the existing research gaps and highlight the research motivations. The discussion of review is presented in a chronological order, so that it (the review) also indicates the underlying pattern of evolution of thoughts and ideas in that domain. Similarly, to the extent possible, care was taken to reproduce the original terminology used by the authors, to preserve the originality of the views. Various domains of the study have been reviewed in a systematic manner. Sincere efforts have been made by the research scholar to locate literature related to this study. Though it was not possible on the part of the investigator to get access to the entire published and unpublished researches in the concerned field; yet the relevant studies found from various sources, which the research scholar has come across, are cited below:

## 3.0 Discussion

Questions of land use/land cover change have attracted interest among a wide variety of researchers concerned with understanding the changes in spatio-temporal scales. Besides, it has been an intriguing question for many researchers as to how the land conversion causes the changes in different attributes of the inhabitants, such as those related to socio-economic status, quality of life, etc. Among these, geographers and scientists have taken the lead in developing spatially explicit models of land use change at highly disaggregate scales. However, relatively less attention has been given in the critical studies pertaining to the

changes occurring in the peri-urban areas as a function of SEZs, which indeed are relatively new phenomenon. Moreover, there are very few attempts in understanding the economic process; namely, the human behavioral component, which underlies land use change vis-à-vis industrialization in developing countries.

In view of the above, Irwin and Geoghegan (2001) reviewed some of the advances that have been made by geographers and scientists in developing these models of spatial land use change. Author argued that these models are primarily "ad hoc," type models, which are developed without an economic theoretical framework, and therefore are susceptible to certain conceptual and estimation problems. However, Golafshani (2003) stressed that before undertaking systematic studies related to the SEZ and its impact on the various stakeholders along with the environmental compartments, it is necessary that reliability and validity of the procedures be assessed. In addition to above, Keivani and Mattingly (2007) based on their examination of the impact of globalization on land peripheral to large cities of the South India stated that much depends on the urban governance and institutional processes surrounding the use and allocation of land that are themselves directly influenced by the SEZs, which are integral parts of the globalization process and suggested that local municipalities and the local population are often excluded from the decision-making process, while being left to cope with the aftermath and maintenance of the grand projects.

Tang and Brody (2007) advocated need of providing a theoretical foundation for environmental planning by major planning theories, especially, for the SEZs. Based on their study results, authors pointed that regular updating, environmental-information management & sharing, and planner's contribution to local environmental plan quality have direct impact on the development of the region. Adesina (2007), however, has reported that the recent upsurge in urban growth and decentralization of economic activities has made urban fringe a topical issues in both local and international debates, however, the problem once visible in the city center has moved to the suburbs due to globalization forces that culminated into mega city development. Notable amongst them are the the uncoordinated residential development, emergent transition in demographic re-agglomeration different from the hitherto initial population and restructuring of economic activities at the fringe areas. To counter these problems, Mahavir (2007) has suggested to address issues relating to management of urban poverty alleviation and slum upgradation programmes, resource mobilisation for urban poverty alleviation, and partnerships with a vibrant civil society coupled with inclusive urban and regional planning for sustainable city development process. Tomar et al., (2008) advocated a need to disseminate newer technologies more widely in the developing world, so that it can be used in peri-urban sanitation programmes and project to improve the health of poor communities, which are often the first inhabitants in the vicinity of the SEZs. Moreover, Lele (2008) has stated that special attention should be given towards the development of the land parcels of awkward shapes and sizes, which come up for development in a haphazard and sporadic manner leading to problems of accessibility, sub-optimal exploitation of development potential, creation of bottlenecks in provision of infrastructural services and above all development coming up in a disorderly manner. However, Puntambekar and Sharma (2009) suggested that the elements, which are responsible for the use and choice of the mode of transport should be studied vis-à-vis public and industrial transport.

More strikingly, Maithani (2010) has suggested a technically advanced measure such as GIS and Cellular Automated models for forecasting the growth trends on spatial scale. While, Pateman (2010) suggested to compare rural and urban areas with respect to different themes such as working, earnings, services and population, using geographical classifications, which can help the planners. Bhonsle (2010) in his study reported that the role of SEZs in relation to employment generation as well as the employee pool needs a closer look as the SEZs generate tremendous employment, which should be taken care by the available labour force. With respect to the changes in the topography as a consequence of industrial activity, Zhu et al., (2010) reported that the land-use change is primarily driven by the synthetic multiply factors including natural and social-economic factors (e.g., slope, aspect, elevation, distance to road, soil types, and population density).

Saravanan et al., (2011) based on their study of the environmental degradation of southern fringe area of Madurai City of South India have reported that water bodies have been encroached for residential use and drinking water has been depleted in many areas. Sen (2011) analyzed the urban sprawl in terms of increase of demand and prices of real estate properties and rising incapability of affording proper housing in smaller towns at the outskirts of Kolkata, the major City in the eastern part of India and reported that fresh slum conditions, in the peri-urban areas are the main concern for sustainable development.

Whereas, Goel (2011) examined recent trends in land use transformations taking place in the peri-urban areas of Faridabad city being one of the fastest growing cities and part of the NCR. Author reported that the emerging land use pattern, indicates a mismatch with the widely cherished planning norms and standards and land value theories which, underpin urban land use planning instruments such as zoning and density distribution and principles like equitable provision of basic services and complementarily in urban land development. In the backdrop of the dynamic nature of growth and development of numerous cities, Meshram (2011) argued that the plan preparation and approval processes are also required to be dynamic and flexible.

Surawar and Kotharkar (2012) have stated that the role of environmental impact assessment prior to operationalization of the SEZs is critical as it is the vehicle to ensure sustainable industrial and environmental development of the region, especially the urban fringe areas. More recently, Lawason et al., (2012) investigated the environmental challenges faced by Peri urban settlements in the Lagos Megacity and suggested that strategies for mitigating identified challenges include the introduction of participatory planning mechanisms as well as the enforcement of development control. Allen (2013) argued that environmental planning and management of the peri-urban interface in the vicinity of SEZs cannot simply be based on the extrapolation of planning approaches and tools applied in rural and urban areas. Instead, it needs to be based on the construction of an approach that responds to the specific environment, social, economic and institutional aspects of the peri-urban interface.

Anand and Wankhede (2014) reported that the spatial structure of cities has implications for socio-economic development and environmental sustainability, especially when the SEZs are announced. It directly affects the city's social characteristics, economic efficiency, and potential for sustainability. Das (2015), however, has stated that nature of companies set up in the SEZs also affects the dynamics of the economic activities in the cities as well as peri-urban area. Glen (2015) stated that the development of the infrastructure facilities and the associated impacts, from the shaping of space to meeting of operational targets, have been influenced by and also influenced the character of governance arrangements.

#### 4.0 Conclusion

The literature review indicates that the tangible and intangible impacts of large scale infrastructure projects on the human habitats are not clearly understood, as the studies often address the dominant issues leaving the others. For example, many studies have addressed the socio-economic aspects; however, the evaluation of the policies is very scanty. Besides, recent contributions from economists to the development of spatially explicit models are also questionable due to their low reliability, which evident from the economic structural models proposed by them, especially with respect to the land use decision. Many studies identify weaknesses in elite governance models usually centred at the state or national levels, and asks if a better alternative may be a local government-led 'inclusive leadership' model capable of clear leadership, greater coordination of different governance layers and inclusion of local actors.

In addition to above, the risk characterization vis-à-vis different land use patterns over a period of time is also not carried out in the previous studies. Hence, there appears a need to examine the role of informal sector activities in shaping the urban fringe environment and impact of globalization forces on the urban fringe local landscape with a view to fill the gaps in the areas of urban policy development, governance and planning in developing countries. In the backdrop of literature review, it is apparent that a more comprehensive and focussed study be carried out to determine the impacts of large infrastructure intense projects on the local area, especially the peri-urban area.

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